INTRACO LIMITED
(Company Registration No. 196800526Z)
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF A 70% STAKE IN THE KA GROUP – EXECUTION OF SHARE PURCHASE AGREEMENT

1. INTRODUCTION

The Board of Directors (the "**Board**") of INTRACO Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement made by the Company on 8 May 2014 (the "**8 May Announcement**") with regards to the entry by the Company into a term sheet dated 8 May 2014 (the "**Term Sheet**") with Mr. Soh Yong Poon and Ms. Soh Ying Sin (Mr. Soh Yong Poon and Ms. Soh Ying Sin collectively, the "**Vendors**") in relation to the proposed acquisition (the "**Proposed Acquisition**") by the Company from the Vendors of shares constituting 70% of the total issued share capital of each of the following companies (the "**KA Group Shares**"):

(a) K.A. Building Construction Pte Ltd ("**KABC**");

(b) Firespray International (Singapore) Pte Ltd ("**FIS**");

(c) K.A. Fireproofing Pte Ltd ("**KAFP**");

(d) K.A. Fabric Shutters Pte Ltd ("**KAFS**"); and

(e) K.A. Firespray Sdn Bhd ("**KAFSB**"),

(collectively, the "**KA Group**" or the "**KA Group Companies**").

This announcement should be read in conjunction with the 8 May Announcement and all terms and expressions used herein (unless otherwise expressly defined) shall bear the same meanings as described to them in the 8 May Announcement.

Following the signing of the Term Sheet and pursuant to further discussions and negotiations between the Company and the Vendors on the terms of the Proposed Acquisition, the Board is pleased to inform shareholders that the Company has entered into a conditional share purchase agreement on 4 July 2014 (the "**Share Purchase Agreement**") with the Vendors and each of the KA Group Companies, pursuant to which the Company (or its wholly-owned subsidiary (the "**Wholly-Owned Nominee**")) shall acquire the Sale Shares. In the event the Company designates the Wholly-Owned Nominee to acquire the Sale Shares, the Company shall also undertake, for as long as the Vendors are shareholders of any KA Group Company or the KA Group HoldCo, to hold shares in the Wholly-Owned Nominee amounting to more than 50% of the total issued share capital of the Wholly-Owned Nominee (the "**Nominee Undertaking**")

The Company or (in the event the Company designates the Wholly-Owned Nominee to acquire the Sale Shares) the Wholly-Owned Nominee shall hereinafter be referred to as the "**Purchaser**").

2. INFORMATION ON THE VENDORS AND THE KA GROUP

Please see section 2 of the 8 May Announcement for information on the Vendors and the KA Group.

3. OBJECTIVES OF THE PARTIES AND RATIONALE FOR THE PROPOSED ACQUISITION AND BENEFITS TO THE COMPANY

Please see section 3 of the 8 May Announcement for the objectives of the Parties, as well as the rationale for the Proposed Acquisition and the benefits to the Company.

4. KEY TERMS AND CONDITIONS

A summary of the key terms and conditions of the Share Purchase Agreement has been set out below. A copy of the Share Purchase Agreement has been made available for inspection for a period of three (3) months from the date of this announcement.

4.1 Consideration

The aggregate Consideration payable for the sale and purchase of the Sale Shares shall be the amount determined as follows:

70% x (2013 PAT x 7.2)

and provided always that:

(a) in the event the 2013 PAT is more than S$3,300,000, the 2013 PAT shall be deemed to be S$3,300,000 for the purposes of determining the Consideration; and

(b) in the event the 2013 PAT is less than S$3,200,000, and such figure would be equal to or more than S$3,200,000 but for such adjustments deemed necessary by the reporting accountants appointed at the sole discretion of the Purchaser, the Vendors may elect not to proceed with the sale and purchase of the Sale Shares.

The FY2013 Proforma Accounts shall be certified by the reporting accountants appointed at the sole discretion of the Purchaser.

Based on the indicative valuation of the KA Group of S$23.8 million (based on the indicative 2013 PAT of the KA Group of S$3.3 million), the aggregate Consideration payable for the sale and purchase of the Sale Shares is expected to be S$16.6 million.

The method for calculating the Consideration was determined after arm's length negotiation between the Company and the Vendors, taking into account, *inter alia*, the price-earnings ratio of Catalist-listed companies on listing and the business prospects of the KA Group.

The Consideration shall be paid on Closing as follows:

(a) the first S$3.15 million shall be paid in the form of 5,000,000 Consideration Shares to be issued at an issue price of S$0.63 per Consideration Share to the Vendors (between them, in such proportion as the Vendors shall notify); and

(b) the balance of the Consideration shall be paid in cash in Singapore dollars to the Vendors (between them, in such proportion as the Vendors shall notify).

The cash component of the Consideration will be funded by the Group by way of internal resources.

4.2 Restructuring

Following the Closing, the KA Group Companies (other than KAFSB) shall be reorganised pursuant to the Restructuring to be wholly-owned by the KA Group HoldCo, with (a) the Purchaser owning 70%, and the Vendors owning the remaining 30%, of the total issued share capital of the KA Group HoldCo, and (b) the Purchaser owning 70%, and a nominee of the Vendors owning the remaining 30%, of the total issued share capital of KAFSB.

4.3 Conditions Precedent

The obligation of the Purchaser with regard to Closing is conditional upon, *inter alia*, the satisfaction of the following conditions on or before three (3) months from the date of the Share Purchase Agreement, unless otherwise expressly waived in writing by the Purchaser:

(a) all necessary regulatory and governmental consents and approvals, and all other necessary approvals, authorisations, clearances, consents and waivers having been obtained, it being acknowledged and agreed by the Vendors that they will comply and ensure that each KA Group Company complies with any condition imposed as part of such consent or approval, and that any such consent or approval and any conditions thereof shall form part of the Share Purchase Agreement;

(b) approval of the Proposed Acquisition and the issue of the Consideration Shares by the shareholders of Company having been obtained;

(c) receipt by each KA Group Company of all applicable third party consents, approvals or waivers in connection with the Share Purchase Agreement, including in relation to the change of control of each KA Group Company;

(d) completion of a business, environmental, financial, tax and legal due diligence, the results of which are to be to the satisfaction of the Purchaser in its absolute discretion, and the satisfactory completion and issuance of the FY2013 Proforma Accounts;

(e) the in-principle approval of the SGX-ST for the additional listing of the Consideration Shares and such other approval, authorisation, clearance or waiver from the SGX-ST under Chapter 10 of the Listing Manual having been obtained, and no such approval, authorisation, clearance or waiver shall have been revoked, limited or impaired;

(f) no event, occurrence, change, effect or condition of any character shall have occurred on or prior to Closing that, individually or in the aggregate, has had a material adverse effect on the business, operations, assets, liabilities (including contingent liabilities) or financial condition of any KA Group Company and the KA Group as a whole;

(g) the properties of the KA Group at 43 Tuas View Close, 71 Tuas View Place #05-01 and 71 Tuas View Place #05-20 not having been disposed of or agreed to be disposed of as at Closing;

(h) each of the Vendors having entered into the Vendor Service Contracts with any of the KA Group Companies and/or KA Group HoldCo (as shall be required by the Purchaser) for a term of five (5) years commencing from the Closing Date and on such other terms and conditions (including performance-based incentives) as may be agreed between the Parties; and

(i) save in respect of the Vendors, each shareholder of KAFSB having provided an undertaking in favour of the Purchaser and the Company to perform, comply with and be bound by all the terms of the Share Purchase Agreement applicable to or affecting KAFSB in so far as they remain to be observed after Completion, as if such shareholder was an original party to the Share Purchase Agreement and named in it as a Vendor.

4.4 Company's Pre-Closing Covenant

The Company irrevocably and unconditionally undertakes not to during the period from the signing of the Share Purchase Agreement up till the Closing Date (both dates inclusive), without the prior written consent of the Vendors, and save for the issue of the Consideration Shares:

(a) undertake any capital reduction, bonus issue, stock split or do such other acts in relation to its share capital;

(b) reserve or allot and issue any shares or other securities;

(c) grant any options over shares or securities;

(d) issue any warrants, convertible preference shares or other forms of convertible securities (however called) which are convertible into shares in the capital of the Company;

(e) enter into any agreement or undertaking to do any of the corporate actions set out in paragraphs (a) to (d) above; or

(f) do, agree to do, permit, or cause to be done, any act which will vary the rights attaching to any of such shares in the Company.

4.5 Put and Call Options

Each Vendor jointly grants to the Purchaser the Call Option, and the Purchaser grants to the Vendors the Put Option, over all of the shares constituting the remaining 30% of the total issued share capital of each KA Group Company or, where the Call and Put Option is exercised subsequent to the Restructuring, the KA Group HoldCo and KAFSB, subject to, *inter alia*, the following terms and conditions:

(a) The Put and Call Options may be exercised:

(i) in the period commencing on and from the date falling immediately after the expiry of four (4) years from the Closing Date, in respect of the First Tranche Option Shares;

(ii) in the period commencing on and from the date falling immediately after the expiry of five (5) years from the Closing Date, in respect of another one-third of the Option Shares and any remaining First Tranche Option Shares;

(iii) in the period commencing on and from the date falling immediately after the expiry of six (6) years from the Closing Date, in respect of all remaining Option Shares;

(iv) in the event a Deadlock Event (as defined in section 4.8 below) occurs and is not resolved within thirty (30) business days thereafter, in respect of all remaining Options Shares;

(v) in the event the drag-along right (as described in section 4.9 below) is exercised, within ten (10) business days from the notice of such exercise, in respect of all remaining Option Shares;

(vi) save in respect of the Restructuring, in the event the Purchaser disposes of shares held by it in any KA Group Company or the KA Group HoldCo (as the case may be) or in the event of a dilution of the shareholding of the Purchaser in any KA Group Company or the KA Group HoldCo (as the case may be) as a result of an issuance of new shares by, or an alteration of the share capital of, such company, and such disposal or dilution (as the case may be) results in the Purchaser holding shares amounting to less than 50% of the total issued shares of that KA Group Company or the KA Group HoldCo (as the case may be), within five (5) business days from the completion of such disposal, in respect of all remaining Option Shares;

(vii) in the event the Company breaches the Nominee Undertaking, within five (5) business days from such breach of the Nominee Undertaking, in respect of all remaining Option Shares; and

(viii) in the event any of the events set out in section 4.10 below occurs, in respect of all remaining Option Shares.

(b) The exercise price of the Put and Call Options in respect of each Option Share shall be the amount determined based on the Entry Price and adjusted by the RNTA as follows:

(i) in the event the RNTA is positive, the exercise price shall be based on the Entry Price and increased by the numerical value of the RNTA; and

(ii) in the event the RNTA is negative, the exercise price shall be based on the Entry Price and decreased by the numerical value of the RNTA,

where:

"**Entry Price**" shall mean the consideration paid by the Purchaser for each Sale Share (i.e., the Consideration divided by the total number of Sale Shares), provided always that in the event the Restructuring has occurred, the Entry Price in respect of the shares in the KA Group HoldCo shall be deemed to be the price (determined taking into account the price per share equivalent to the consideration paid by the Purchaser for each Sale Share) attributable to the shares of the KA Group Companies that have been reorganised under the KA Group HoldCo pursuant to the Restructuring.

(c) The Put and Call Options shall be exercised in tranches of 10% and not in any smaller denominations and the exercise price shall be paid wholly in cash. For the avoidance of doubt, any tranche which was not exercised during the relevant exercise period shall be available for exercise during the subsequent exercise period(s).

(d) Notwithstanding anything to the contrary in the Share Purchase Agreement, the Put Option shall become immediately exercisable in the event of a termination of the employment of either of the Vendors without cause.

4.6 Reserved Matters

Under the Share Purchase Agreement, certain corporate exercises of any KA Group Company or the KA Group HoldCo (as the case may be) shall require the affirmative vote of either of the Vendors on the one hand, and the affirmative vote of the Purchaser on the other, including, *inter alia*, alterations to its share capital, certain acquisitions, disposals (including the disposal of the KA Group HoldCo or any KA Group Company) and transactions (including related party transactions), and the declaration or payment of any dividends or the making of any distribution (save for any declaration or payment of any dividend or making of any distribution of up to 30% of the audited net profit after tax in respect of any financial year commencing from and including the financial year ending 31 December 2014).

4.7 Board

For as long as either Vendor is a shareholder of such KA Group Company or the KA Group HoldCo, each Vendor shall be entitled to appoint up to one (1) director to the board of directors of such KA Group Company and/or the KA Group HoldCo (as the case may be). The Purchaser shall likewise be entitled to appoint up to four (4) directors to the board of directors of such KA Group Company and/or the KA Group HoldCo.

4.8 Deadlock Events

A "**Deadlock Event**" is deemed to have occurred if:

(a) a proposed sale of any KA Group Company has been blocked by the Vendors;

(b) shareholders of any of the KA Group Companies or the KA Group HoldCo (as the case may be), at a duly convened meeting of shareholders, fail to agree on any matter which is a reserved matter and no resolution on the impasse is achieved within ninety (90) days from the date of such meeting; or

(c) the directors of any of the KA Group Companies or the KA Group HoldCo (as the case may be), at a duly convened meeting of the board of directors, fail to agree on any matter which is a reserved matter and no resolution on the impasse is achieved within ninety (90) days from the date of such meeting.

For the avoidance of doubt, each of the Vendors and the Purchaser undertakes to enter into mediation and negotiations in good faith as soon as practicable following the occurrence of a Deadlock Event to resolve any such impasse.

4.9 Drag-Along and Tag-Along Rights

Save in respect of the Restructuring and subject to the Put and Call Options not being exercised in accordance with section 4.5(a)(v) above, the Purchaser is granted the customary drag-along right, at any time that it proposes to sell all (and not some only) of the ordinary shares held by it in a KA Group Company or the KA Group HoldCo (as the case may be), to require the Vendors to sell all (and not some only) of the ordinary shares held by the Vendors (directly or through their respective nominees) in that KA Group Company or the KA Group HoldCo (as the case may be) to the third party purchaser at the price offered to the Purchaser and on terms and conditions no less favourable to the Vendors than the terms and conditions which are offered to the Purchaser.

Save in respect of the Restructuring and save where notice of exercise of the Purchaser's drag-along right has been served, the Vendors are granted the customary tag-along right, at any time that the Purchaser proposes to sell all (and not some only) of the ordinary shares held by it in a KA Group Company or the KA Group HoldCo (as the case may be), to require the Purchaser to procure the sale of all (and not some only) of the ordinary shares held by the Vendors (directly or through their respective nominees) in that KA Group Company or the KA Group HoldCo (as the case may be) to the third party purchaser along with the Purchaser's sale of the ordinary shares to such third party purchaser at the price offered to the Purchaser and on terms and conditions no less favourable to the Vendors than the terms and conditions which are offered to the Purchaser.

The drag-along right and tag-along right may only be exercised in respect of a KA Group Company or the KA Group HoldCo (as the case may be) for as long as the Purchaser is a majority shareholder of that KA Group Company or the KA Group HoldCo (as the case may be).

4.10 Termination Events

A non-defaulting party to the Share Purchase Agreement shall be entitled to exercise the Call Option or Put Option (as the case may be) in accordance with section 4.5(a)(viii) above if any of the following events occurs:

(a) if the Defaulting Party commits any breach of any of its material obligations under the Share Purchase Agreement and fails to remedy such breach (if such breach is capable of remedy) within sixty (60) days after being given notice by the Non-Defaulting Party;

(b) if the Defaulting Party goes into bankruptcy or liquidation, whether compulsory or voluntarily (except for the purposes of a *bona fide* reconstruction or amalgamation with the consent of the Non-Defaulting Party, such consent not to be unreasonably withheld);

(c) if a petition is presented or an order is made for the appointment of an administrator in relation to the Defaulting Party or if an official assignee, receiver, administrative receiver, judicial manager or manager is appointed over any part of the assets or undertakings of the Defaulting Party, and such appointment is not revoked within thirty (30) days from the date of such appointment;

(d) if any event analogous to any of the foregoing set out in paragraphs (b) and (c) above occurs in any jurisdiction; and

(e) if the Defaulting Party makes a general assignment or any composition or arrangements with or for the benefit of its creditors.

In the event that a Call Option or Put Option (as the case may be) is exercised in respect of all remaining Option Shares, the Share Purchase Agreement shall automatically terminate upon the completion of the exercise of the Call Option or Put Option (as the case may be).

5. SHAREHOLDERS' APPROVAL FOR THE PROPOSED ACQUISITION

As mentioned in section 5 of the 8 May Announcement, for the purposes of determining the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual, the Proposed Acquisition and the exercise of the Put and Call Options are aggregated and treated as if they were one transaction. Assuming that the Put and Call Options are fully exercised, and on the aforesaid basis that the acquisition of the Sale Shares is aggregated with the acquisition of all the Options Shares, the relative figures for the Proposed Acquisition and the exercise of the Put and Call Options computed on the bases set out in Rule 1006 of the Listing Manual based on the audited consolidated accounts of the Company for FY2013 are as follows:

Rule	Basis	Relative Bases (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable, as the Proposed Acquisition and the exercise of the Put and Call Options involve an acquisition of assets.
1006(b)	The net profits[(1)] attributable to the assets acquired or disposed of, compared with the Group's net profits.	344.0%
1006(c)	The aggregate value of the consideration[(2)] given or received, compared with Company's market capitalisation[(3)] based on the total number of issued shares, excluding treasure shares.	52.3%
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	5.1%

Notes:

(1) Net profit is defined as profit or loss before taxation, minority interests and extraordinary items. The unaudited pro forma net profit attributable to the Sale Shares and the Option Shares for FY2013 is S$3.9 million.

(2) Based on the maximum consideration of S$23.8 million for a 100% interest in the KA Group.

(3) The market capitalisation of the Company is calculated on the basis of 98,725,879 shares of the Company in issue as at the date of this announcement and the 1-day weighted average price of S$0.46 for each such share on 2 July 2014, being the last market day on which such shares were traded immediately preceding the date of the Share Purchase Agreement.

As the Proposed Acquisition involves the acquisition of profitable assets, and the only relative figure computed on the bases set out in Rule 1006 of the Listing Manual which exceeds 100% is that calculated under Rule 1006(b) of the Listing Manual, Rule 1015 of the Listing Manual would not apply to the Proposed Acquisition and the exercise of the Put and Call Options.

Nevertheless, as one or more of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the Proposed Acquisition and the exercise of the Put and Call Options (if indeed exercised) would be considered a major transaction under Chapter 10 of the Listing Manual and is therefore subject to the approval of the shareholders of the Company at a general meeting. The Company will accordingly issue a circular to shareholders and convene an extraordinary general meeting ("**EGM**") to obtain the approval of shareholders in due course.

6. UNDERTAKINGS BY MAJOR SHAREHOLDERS

Each of TH Investments Pte Ltd and Amtrek Investment Pte Ltd, the majority shareholders of the Company who together hold an aggregate of approximately 59% of the share capital of the Company, has undertaken to the Vendors (i) to vote in favour of the resolution(s) relating to the Proposed Acquisition and the Put and Call Options proposed to be passed at the EGM; and (ii) not to sell, transfer, or otherwise dispose of its interest in the Company until after the EGM or, where there is any adjournment thereof, the conclusion of the adjourned EGM.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION AND THE EXERCISE OF THE PUT AND CALL OPTIONS

Please see section 6 of the 8 May Announcement for the financial effects of the Proposed Acquisition and the exercise of the Put and Call Options (if indeed exercised).

8. MISCELLANEOUS

8.1 Interests of Directors and Substantial Shareholders

Other than through their respective shareholdings in the Company, none of the directors or substantial shareholders of the Company has any interests, direct or indirect, in the Proposed Acquisition.

8.2 Directors' Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

8.3 Documents for Inspection

Copies of the Share Purchase Agreement will be available for inspection during normal business hours at the registered address of the Company at 8 Jurong Town Hall Road, #12-01 The JTC Summit, Singapore 609434 for a period of three (3) months from the date of this announcement.

8.4 Further Announcements

Further announcements on this matter will be made in due course to provide shareholders with an update on the transaction as and when appropriate.

Shareholders should note that the Proposed Acquisition is conditional, *inter alia*, on the fulfillment of certain conditions precedent, and there is no assurance that all such conditions precedent will be fulfilled. Shareholders and potential shareholders are asked to note this position and keep it in mind in respect of any trading of the Company's shares. Shareholders are advised to refrain from taking any action in respect of their shares in the Company which

may be prejudicial to their interest, and to exercise caution when dealing in the shares of the Company.

By Order of the Board
INTRACO LIMITED

Foo Der Rong
Managing Director and Chief Executive Officer
4 July 2014